

DEFENSE ACQUISITION UNIVERSITY
BUSINESS, COST ESTIMATING, & FINANCIAL MANAGEMENT DEPARTMENT

OCT 02

TEACHING NOTE
BUDGET EXHIBITS

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PURPOSE

Budget exhibits are among the most important documents prepared in support of acquisition programs. They are the primary information source used by members of Congress and their staffs, by analysts in the Office of the Secretary of Defense (OSD), and by analysts on a Component's Headquarters staff when making decisions which impact a particular program. These decisions can accelerate, terminate, delay, decrement, plus-up or otherwise alter the program's structure and/or budget. If the exhibits are incomplete, inaccurate, confusing or inconsistent with other budgetary and programmatic information or exhibits provided to the Components, OSD or the Congress, the program may be adversely impacted. Unexplained anomalies in a program's history or acquisition plan may result in program adjustments.

Different budget exhibits are prepared to support requests for different types of appropriations. Exhibits supporting requests for Procurement appropriations are called “***P-Forms***,” while those supporting requests for Research, Development, Test and Evaluation appropriations are known as “***R-Forms***”. Similarly, budget exhibits supporting the Operations and Maintenance, Military Personnel, and Military Construction appropriations are known as “***O-Forms***”, “***M-Forms***”, and “***C-Forms***,” respectively.

P-FORMS

Submission Frequency

The DoD Financial Management Regulation (FMR) (DoD 7000.14-R) requires P-Form submission to support the combined Component Program Objectives Memorandum/Budget Estimate Submission (POM/BES) to OSD and the President’s Budget submission to Congress. In addition, individual Components may require some type of P-Form submission for their budget preparation process. Each submission requirement is discussed in detail below:

A. Budget Preparation: Though procedures vary among Components, P-Forms may be required to support the Component budget preparation. These P-Forms reflect the Component-approved program contained in the Future Years Defense Program (FYDP). Funding and/or quantity changes or pricing refinements should be noted on the P-Forms. During the budget preparation process, P-Forms aid the Component staff in defending and evaluating programs.

B. Program Objectives Memorandum/Budget Estimate Submission: P-Forms submitted to support the Component's POM/BES to OSD must reflect the same program years as submitted in the approved BES update to the FYDP. These P-Forms are used by OSD and Office of Management and Budget (OMB) analysts to evaluate the Component POM/BES during the Program Budget Decision (PBD) process, therefore they must be both accurate and informative in terms of explaining any apparent abnormalities such as unit cost changes, delivery schedule changes, contract slips, low obligation rates, or variations in monthly production rates. A list of questions often asked by analysts during the budget scrub process is included in Appendix A.

C. President's Budget (PB) submission to Congress: Another set of P-Forms are normally submitted in February with the PB. The dollars and quantities on these P-Forms must match the dollars and quantities in the President's Budget. These P-Forms are placed into the Congressional Committee Staff Procurement Backup Books (also known as Justification Books or J-Books.) Decisions in Congress may be made solely upon the content of these P-Forms; therefore, accuracy and stand alone data content is of paramount importance. *Any changes* from the previous year's President's Budget submission should also be briefly, but carefully, explained.

Commonly Required P-Forms

P-Forms required for most procurement appropriations include the P-40, P-5, P-5a, P-21, and P-3a.

The following pages provide a description of these exhibits, instructions for entering information on the exhibits, and methods/techniques to analyze, scrub, and defend the programs identified on the P-Forms. The instructions are current as of the date of this teaching note. Check the DoD Financial Management Regulation (FMR), DoD 7000.14R, Volume 2B, Chapter 4 (<http://www.dtic.mil/comptroller/fmr/>) for the latest P-Form instructions.

Some general instructions:

1. Exhibits should display the actual fiscal years (e.g. FY 2006) rather than the template entries (e.g. BY2+1).
2. Budget justification material should be unclassified.
3. Component-generated exhibits can be used in lieu of the FMR exhibit templates as long as they contain all the information required.

P-Form Flow

Figure 1 shows how information relates between the P-Forms.

P - FORM FLOW CHART

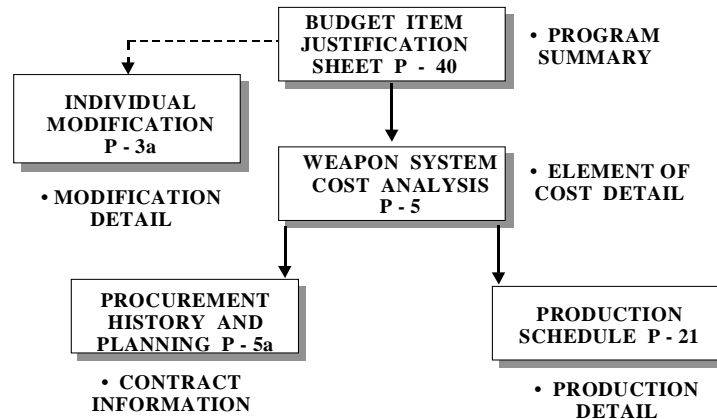


Figure 1

Handbook Usage

Examples of each P-Form mentioned above are contained in Appendices C through G. Each entry on the form is numbered and corresponds to a matching numbered set of instructions on the following pages.

P-1 - PROCUREMENT PROGRAM

The P-1 exhibit is a summary listing of procurement requirements, by line item, supporting budget requests submitted to Congress. Each line item dollar amount represents the "weapon system" costs (in millions) required to acquire and initially deploy the item. Initial spares are budgeted in a separate line item. The P-1 exhibit thus encompasses all weapon systems planned for procurement and all of the exhibits discussed in the following paragraphs must reconcile to it. P-1 exhibits are prepared at the Component level and represent the total procurement funding requirements of each Component/Agency.

P-40 - BUDGET ITEM JUSTIFICATION SHEET

A. Information Provided On The P-40

1. The P-40 provides the following top level information:
 - a) Eight-year funding profile (including quantities when appropriate), prior years, to complete cost and total program cost.
 - b) Narrative description of the item.

c) Justification for budget year procurements.

2. All other P-forms provide detailed information to support the P-40 as shown on the P-Form flow chart (Figure 1).

B. Instructions For Preparation Of P-40 Exhibits. *Numbers below correspond to Appendix C.*

1. Enter date as specified by Component Headquarters.
2. Enter Appropriation/Budget Activity.
3. Use the exact line item title and Standard Study Number (SSN) as displayed in the P-1 / FYDP. Identify any nicknames in parentheses.
4. Enter the Program Element if the line item has not been approved for full rate production (see Code B definition in #6 below).
5. Enter the Program Elements for any related work. Include work in other appropriations or components.
6. The program will be presented in the following order: The total for all prior years, the prior FY (PY), the current FY (CY), the biennial budget years (BY1 and BY2), four out-years (BY2+1, BY2+2, BY2+3 and BY2+4), to complete cost, and total program cost. Note that during odd years, only one budget year is listed. List the quantity and cost (rounded to the nearest tenth of a million) for the FY indicated. Component HQs quantities and cost must agree with provided guidance (if there is no cost in a FY, leave it blank). Include costs for each line as appropriate. Advance Procurement costs should be broken out into two separate lines (i.e., Less Prior Year, Plus Current Year) or can be a single line containing a net value for each FY. The "ID Code" column should be marked with either an "A" or a "B" depending on the program code. Code A items generally are those which have passed a Milestone decision approving full rate production (or equivalent). Code B items generally are those which have not been approved for full rate production.
7. Description: A complete narrative description of the line item will include, but not limited to, the nature, purpose, and intended use of the usable end item with sufficient depth of information to describe the system. The FMR contains special content requirements for Shipbuilding and Conversion, Navy (SCN) and Modification program descriptions.
8. Justification: The justification statement must describe why the Component needs to procure this item in the budget years. Emphasize positive aspects i.e., tell what the item will do for the Component and its mission. Include joint buys if applicable.
9. Cooperative Agreement Narrative - For projects which involve a cooperative agreement with a foreign country or corporation, a paragraph is required to include a brief description of the agreement, the countries/corporations (both foreign and US) involved, their financial commitments, the stage of the project (research, production, etc.) the number of years the project has been in existence and associated funding. Note that a cooperative agreement relates to the development or production of an item. It is not required for FMS sales where the item is developed and produced by US firms.
10. Enter P-1 shopping list item number. This is the P-1 line item number.
11. List page number and total pages for all of the P forms for this P-1 program.
12. List page number and total pages for just this P-40.

C. Common Errors

1. Wrong line item title and Standard Study Number (SSN). Check the P-1/FYDP for correct information. The SSN is a six character code (i.e., M30100).
2. Too many years, or a missing year. In even years, the form should cover a period of eight years as shown in the FYDP: the prior year, the current year, the two budget years (biennial budget), and four years beyond the budget years. In odd years, the form should cover only seven years: the prior year, the current year, one budget year, and four out-years.
3. Incorrect quantities and cost. Check the last P-1/FYDP and Component HQs guidance.
4. Narrative description not updated to reflect current program's status or justification is inadequate to support the budget year buy.
5. Unfunded requirements reflected in narrative. For the OSD and Congressional submissions, the narrative must support the Component approved program. Statements addressing unfunded requirements undermine the approved Component position and may leave the impression that the program is unexecutable.

D. Items To Be Checked For Program Review

1. Are dollars/quantities correct (check FYDP)?
2. Does the funding/quantity profile show a reasonable ramp without "bow waves" or unexplained spikes or dips?
3. From the description can a novice understand:
 - a. What the Component is buying?
 - b. What the item does?
 - c. What other systems it interfaces with?
4. Does the justification explain the intended use of the item and the impact of not procuring it? Citing warfighter requirements significantly strengthens the justification.

P-3A – INDIVIDUAL MODIFICATION

A. Information Provided On The P-3a

1. Description, justification and status for each individual modification.
2. A multiple year funding/quantity profile with breakout detail.
3. Installation schedule and contract information.

B. Instructions For Preparation Of P-3a Exhibit *Numbers below correspond to Appendix D.*

1. Enter the model and series designation (e.g., A-10, AGM-86, F/A-18), modification type (e.g., safety, reliability, added capability), and modification number and title.
2. Describe what the modification does (capability added) and why it is necessary. Identify any documents validating the need for the mod (e.g., Operational Requirements Document). Identify all engineering change proposals (ECPs). Identify the quantity of aircraft (or other end items) in the inventory and the quantity that will receive the modification – break out National Guard and Reserve end items separately. **Spell out all acronyms.**

3. Provide status of the engineering effort, testing, and data package. Include significant accomplished and planned milestone dates, such as Preliminary Design Review (PDR), Critical Design Review (CDR), completion of Development Test and Evaluation (DT&E), etc.

4. Provide quantity and cost data for all applicable line items by year. The “Prior Years” column includes all funding from the beginning of the modification program through PY-2. The “To Complete” column includes all funding from BY2+5 through the completion of the modification program.

5. RDT&E resources should be consistent with funding on the R-Forms.

6. Procurement line items should be consistent with the program’s approved work breakdown structure (WBS) or modification content. Enter the recurring and nonrecurring cost of the installation (Group A) kits and equipment (Group B) kits. If different quantities of kits are procured for various ECPs within a modification, list the A and B kits for each ECP as separate line item entries. Show installation costs in the year of actual installation. Group A installation kits are the provisions (cables, brackets, interface devices) necessary to prepare the weapon system to accept modification equipment. Group B equipment kits are the actual equipment (radar, electronic countermeasures, engine, etc.) to be installed on the weapon system.

7. Indicate how the installation will be accomplished (contractor, depot field team, etc).

8. Enter the actual or estimated contract date (month/year) for the item with the longest lead-time.

9. Enter the actual or estimated production delivery dates (month/year) for the initial item of installed equipment for the current year, BY1 and BY2.

10. Show installation costs in the year of actual installation. Procurement and installation quantities from #6 should be consistent with this block and with the installation schedule (#11).

11. An installation schedule is required for all programs requiring installation funds. Input and output refer to the start and end date of the modification into the aircraft or end item. Input and output must equal each other, as well as equal the total quantity of kits procured. Show by quarter for CY, BY1, BY2 and outyears, as well as total quantities for prior years, to complete, and total program. Include separate installation schedules for items with more than one method of implementation.

C. Common Errors

1. Funding totals on P-3A do not agree with funding on P-40.
2. Inconsistencies between procurement and installation quantities in the procurement detail (first page) and quantities in the installation fiscal year breakout or the installation schedule.
3. Installation schedule inconsistent with funding profile.

D. Items To Check Prior To Program Review

1. Modification is not a new start or has complied with new start Congressional notification procedures.

2. Operational requirement/priority for the modification is well documented.

3. Installation input and output are used to determine when kits need to be procured.

Analysts use this information to determine the feasibility of the schedule and the procurement funding profile. Make sure your installation schedule and funding profile match.

4. Quantities within all parts of the P-3A are consistent.

P-5 - WEAPON SYSTEM COST ANALYSIS

A. Information Provided On The P-5

1. A multiple year funding/unit cost/quantity profile.
2. Breakdown of the system by component, recurring and non-recurring cost elements, consistent with the program's approved work breakdown structure (WBS).
3. Funding/unit cost/quantity profile at component element.
4. Total program cost.
5. Program unit cost.

B. Instructions For Preparation Of P-5 Exhibit *(Numbers below correspond to Appendix E)*

1. Enter date as specified by Component Headquarters.
2. Enter Appropriation/Budget Activity/Item Number.
3. Enter the exact P-1 line item title.
4. For the Program Objectives Memorandum/Budget Estimate Submission (POM/BES), the FMR directs that ACAT I Program P-5s will include all fiscal years from prior years through to complete years. Other programs will include at least PY, CY, BY1 and BY2. For the President's Budget, all programs, including ACAT I, will include only information through BY2. ACAT I programs, however, must provide a separate P-5 (or AF Form 1537) including all years from PYs through to complete years to the OSD Comptroller. The FMR contained detailed guidance on the cost elements to include for different types of weapon systems.
5. Enter FY quantity (in units, not thousands), unit cost and total cost for all years for each system recurring item. The unit cost should be displayed for each flyaway cost element on the P-5. This should be a manual entry, not a computed one. Otherwise, budget authority could be lost if a reviewer asks to see the unit cost for a particular item from the contract.
6. Enter total cost (no quantity or unit cost) for all non recurring and ancillary equipment. Subtotal non recurring cost.
7. Add system hardware recurring and non recurring/ancillary equipment for total Flyaway cost.
8. Enter all support costs. Subtotal support costs.
9. Enter gross P-1 end item cost; the sum of all previous subtotals.
10. Enter prior year advance procurement.
11. Subtract prior year advance procurement from gross P-1 end item cost.
12. Enter current year advance procurement.
13. Enter Other Non P-1 Weapon System Cost, and Initial Spares.
14. Add Net P-1 Full Funding, Advance Procurement, and other costs from #13 to obtain Total Program Cost. Calculate the procurement unit cost by dividing Total Program Cost by total quantity and enter it in the unit cost block on this line.

C. Common Errors

1. Net P-1 Full Funding cost does not agree with P-40.
2. Unit cost does not match unit cost on P-5a.
3. Advance procurement cost incorrect.

D. Items To Check Prior To Program Review

1. Do total program costs and quantities track to the P-40?
2. Check the prior years and current year obligation rates of individual cost elements as the basis for budget year estimates.
3. As a general rule, unit cost should reflect a decrease based on learning curve and increased quantities.
4. Have the abnormalities been satisfactorily explained, i.e. increases beyond inflation for cost elements?

P-5A - PROCUREMENT HISTORY AND PLANNING

A. Information Provided On The P-5a:

1. Contract history (prior year or last procurement, current year, budget years 1 and 2).
2. Name of contractor.
3. Contract method and type.
4. Contracting agency.
5. Contract award date.
6. Date first item delivered to government.
7. The total Component program quantity.
8. The unit cost.
9. Status of tech data.

B. Instructions For Preparation Of P-5a Exhibit *Numbers below correspond to Appendix F.*

1. Enter date as specified by the Component.
2. Enter Appropriation/Budget Activity.
3. Use the exact P-1 line item title and Standard Study Number; should correspond with the P-40.
4. Only P-5 elements of cost involving quantities are listed. For each cost element an entry must be made for the prior FY, the current FY, and the biennial FYs. If there are no budget year buys, the P-5a must reflect the most recent procurement as the first entry. The intent of this requirement is to provide a cost basis for budget funds requests.
5. Insert contracted quantity matching the quantity on the P-5.
6. Insert actual element of cost/unit cost for the prior year entry. For the current year and the budget years, insert actual/estimated unit costs. The unit costs must track to the cost entries on the P-5.
7. Name of the organization that will let the contract, i.e., TACOM.

8. Enter the actual or estimated date of Request for Proposal (RFP) release.
9. Codes:

CONTRACT METHOD

SS – Sole Source
 C – Competitive
 MIPR – Military Interdepartmental
 Purchase Request
 PO – Project Order
 WR – Work Request
 Allot – Allotment
 Reqn – Requisition
 Other – Explain by Footnote

CONTRACT TYPE

FP – Fixed Price
 CPIF - Cost Plus Incentive Fee
 CPAF - Cost Plus Award Fee

 FPI - Fixed Price Incentive
 Other – Explain by Footnote
 Option – Existing contract clause for future
 Procurement. Identify whether option is
 Priced (already negotiated) or unpriced.

10. For awarded contracts or sole source procurements, use actual contractor name and facility or plant location (city and state). If contract has not been awarded, use "Unknown."

11. Enter the actual or estimated date of contract award and of first delivery.

12. "Specs Available Now" indicates that the Technical Data Package or Performance Specification, *suitable for competition* (or sole source equivalent), is available at the time the year's contracting action begins. A "yes" or "no" is required for the CY and BY1. If a revision is required, enter when the revision will be available. Leave blank if no revision required.

13. Use remarks to explain when variations in unit cost exceeds inflation or to provide clarifying comments related to contracting method, type, e.g., explain the benefits of a multiyear, why a sole source is used, why a cost plus award fee contract is used, etc. Also, explain any increase in cost, delay in award, combined year awards.

C. Common Errors:

1. Unit cost and quantities do not agree with P-5 entries.
2. No entry under "award date" or "contract method and type" columns.
3. Unit cost not entered or inconsistent with P-5.
4. Information or availability of specifications not entered.
5. Actual contract award not listed.

D. Items To Check For Program Review

1. Extrapolate from the last actual contract award to the budget year contracts. Do the dollars track?
2. Review the contract method and type:
 - a. For contracts with priced options, and forward-priced multiyear contracts, the time between the beginning of fiscal years and award date should not exceed 6 months.
 - b. Contract should be awarded NLT 2nd quarter of the first year of the appropriation; suspect overfunding if contract award is later than 3rd Quarter.

3. Review date of first delivery. Ensure that time between the award date and the date of first delivery is consistent with production lead-time shown on P-21. Any variance must be explained or funding may be reduced. Exception: system is in first year of production.
4. Ensure that quantity on the P-5a matches the quantities on the P-5 and the P-40.
5. Review hardware unit cost:
 - a. Ensure all hardware unit costs are supported by the cost data on P-5.
 - b. The tech data for a competitive procurement should be available prior to planned start of contract actions (request for proposal release). Question program executability if tech data are not available for a competitive procurement.
6. Explain any abnormalities or cost increases in remarks block.

P-21 - PRODUCTION SCHEDULE

A. Information Provided On The P-21 Exhibit:

1. Manufacturer's name and location.
2. Production rate information.
3. Undelivered current and prior year quantities.
4. Biennial budget year quantities.
5. Delivery schedule, by month, for prior, current and budget year quantities.
6. Procurement lead-times.
7. Remarks block to explain changes and unusual entries.

B. Instructions For Preparation Of P-21 Exhibit *Numbers below correspond to Appendix G.*

1. Enter date specified by Component.
2. Enter the Appropriation account title, budget activity, and line item number. Enter the weapon system and the exact P-1 line item title, Standard Study Number; should correspond with the P-40 and P-5.
3. Include all cost elements shown on the P-5 with a value of \$5.0M or more in budget year 1 or budget year 2. Entries will be displayed in the same order as on the P-5. Items supported by an exhibit P-23 do not need to be included unless multiple manufacturers produce the items. A separate entry must be made for each facility that is producing the item – enter the manufacturer name and location for each producer.
4. Enter the Minimum Sustaining Rate (MSR), Economical Production (ECON) Rate (also called 1-8-5 rate), and Maximum Production Rate (MAX). These rates are defined in the Terms and Definitions section (Appendix B).
5. Enter required administrative lead-times (ALT) and production lead-times (PLT) for initial manufacturing and reorder, as defined in the Terms and Definitions section.
6. Enter the total procurement lead-time (equals ALT after 1 October plus PLT).
7. A separate entry is required for each Service/Agency/FMS quantity as well as for each fiscal year of buy. Create a separate entries for all prior years with undelivered assets, for the current year (CY), budget year 1 (BY1), and budget year 2 (BY2). In addition, ACAT I programs and programs requesting advance procurement funding must also include entries for all FYDP years.

8. Enter the fiscal year of the item listed.
9. Identify Service or Component, A = Army, AF = Air Force, FMS = Foreign Military Sales, MC = Marine Corps, N = Navy, O = Other (explain in remarks block)."
10. Enter the total item quantity for that fiscal year's buy (the fiscal year in number 8 above.) Note that program quantities for the Component buy must agree with the quantities on the P-40 and P-5.
11. Show the quantities delivered through 30 September of the year designated on the delivery schedule.
12. Show quantities that are undelivered as of 30 September of the year designated on the delivery schedule. The total of the quantities in Column 11 and 12 must match the total quantity buy in Column 10.
13. Deliveries by month will be shown, aligned horizontally with the program quantities. Deliveries should be in accordance with current contracts and planned acquisition goals.
14. "Bal" column will show column 12 less the sum of the monthly deliveries (13).
15. Use the remarks section to explain any unusual items or changes from the last submission (or from the last President's Budget when submitting to Congress.)
16. Use additional P-21s as required to reflect total deliveries. The left-hand columns must match exactly the information on the previous P-21s.

C. Common Errors

1. Program quantity on P-21 for the Component buy is different from P-40.
2. Undelivered quantities not shown.
3. Delivery schedule does not add to program quantity.
4. Manufacturer information or production rate blocks not complete.
5. No explanation provided in remarks block if minimum sustaining rate is not met (except for the first and last years of production) or if maximum rate is exceeded.
6. No explanation provided in remarks block if the procurement lead-times exceed the administrative or production lead-times.

D. Items To Check For Program Review

1. Ensure quantities track to P-5a, P-5, and P-40
2. Are all other Component buys and FMS buys shown on the P-21?
3. Do the monthly deliveries add to the program quantity?
4. Question total monthly quantities that fall below the minimum sustaining rate. An explanation should appear in the remarks block.
5. Question total monthly quantities that exceed the average monthly rate. Ask what additional "lead-time" is required to reach the higher rate (people, production, equipment, plant).
6. Provide an explanation of variances in "reorder lead-time." Variation may afford an opportunity to reduce the funded delivery period.

R-FORMS

Submission Frequency

The DoD FMR requires R-Forms to be submitted in support of the Component Program Objectives Memorandum/Budget Estimate Submission (POM/BES) and the President's Budget submission to Congress. Specific submission requirements are discussed below.

A. Program Objectives Memorandum/Budget Estimate Submission: R-Forms support the Component's POM/BES to OSD and must reflect the same program years as submitted in the approved BES update to the FYDP. These R-Forms are used by OSD staff and Office of Management and Budget (OMB) analysts to evaluate the Component POM/BES during the Program Budget Decision (PBD) process, therefore they must be both accurate and informative in terms of explaining any apparent abnormalities such as schedule changes, contract slips, and low expenditure rates.

B. President's Budget (PB) submission to Congress: R-Forms are normally submitted in February after the PB has been submitted to the Congress. The dollars and quantities on these R-Forms must match the dollars and quantities in the President's Budget. Decisions in Congress may be made solely upon the content of these R-Forms; therefore, accuracy and stand alone data content is of paramount importance. *Any changes* from the previous President's Budget submission should also be briefly, but carefully, explained.

Required R-Forms

R-Form exhibits required for most programs include the R-2, R-2a, and R-3. [Note: for FY 05 and following years, the FMR requires two additional forms, the R-4 and R-4a.]

The following pages provide a description of these exhibits, instructions for entering information on the exhibits, and methods/techniques to analyze, scrub, and defend the programs identified on the R-Forms. The instructions are current as of the date of this teaching note. Check the DoD FMR, Volume 2B, Chapter 5 (<http://www.dtic.mil/comptroller/fmr/>) for the latest R-Form instructions.

Some general instructions:

1. Exhibits should display the actual fiscal years (e.g. FY 2006) rather than the template entries (e.g. BY2+1).
2. Budget justification material should be unclassified.
3. Component-generated exhibits can be used in lieu of the FMR exhibit templates as long as they contain all the information required.

Handbook Usage

Annotated examples of the R-2, R-2a, and R-3 exhibits mentioned above are contained in the appendices. Additional instructions for completing R-Forms are contained on the following pages.

R-1 - RDTE PROGRAMS

The R-1 exhibit is a listing, by program element, (budget "line items" for RDT&E are at the program element level) of Research, Development, Test and Evaluation requirements supporting budget requests submitted to Congress. Each program element defines a development effort (or efforts) with specific design, cost, schedule and capability parameters. All costs of basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, and lease/operation of RDT&E facilities and equipment will be included. The R-1 exhibit will also contain the following information: program element title and number; approved funding for the past year (PY), the current year (CY), budget year 1 (BY1), and BY2; summaries by (1) Budget Activities and (2) FYDP Programs. R-1 Forms are prepared at the Component level and represent the total RDT&E requirements from each Component/Agency.

R-2 - RDT&E BUDGET ITEM JUSTIFICATION AND R-2A - RDT&E PROJECT JUSTIFICATION

A. Purpose

These exhibits provide summary funding information and program description / justification for each program elements and the projects within. An R-2 shall be prepared for each program element. For budget activities 4, 5 and 7, an R-2a shall be prepared for each project that has funding greater than \$1 million in BY1 or BY2. Specific information provided includes:

- Resource Summary: The total program element R-2 page shall include a fiscal resource summary total for the program element and, if there is more than one project in that program element, a fiscal resource summary for each project in that program element. Each project R-2a page shall include a resource summary for that project.
- Mission Description and Budget Item Justification: The total program element R-2 page shall include a description and justification of the efforts included in the program element. Each project R-2a page shall include a description and justification of the efforts of the project. Project justification narratives shall be included for the past year (PY), the current year (CY), and the budget year 1 (BY1) and BY2. At least three activities and associated funding shall be identified for each program element (or project if on the R-2a) in each fiscal year.
- Program Change Summary: the R-2 exhibit shall include a concise summary explanation of changes in total program element or project funding, schedule, or technical parameters since the previous President's budget submission. Most Components use a tabular summary of changes.

- Other Program Funding Summary: Development projects often lead to subsequent development phases, production, and military construction. Also, some projects may depend on concurrent development in other projects. These related efforts and the funding profiles for other appropriation efforts shall be identified by appropriation, budget activity, R-1 program element, and P-1 line item title and number. If there are funding dependencies among related research, development, test, and evaluation programs, then the funding profiles for these related programs shall be included.
- Acquisition Strategy: An explanation of acquisition, management, and contracting strategies shall be provided for each project.
- Schedule Profile: A milestone chart shall be provided for each project shown on the R-2. It is preferred that the milestone chart used by the program office be submitted. Actual or planned event information shall be provided for each of the 4 fiscal years (PY, CY, BY1, BY2) shown on each project R-2 exhibit. If a program office milestone chart is not used, the general convention is to mark actual events with an asterisk. At least three events shall be provided in each year, and all acquisition program baseline events in the 4 years displayed shall be included. The chart should display all planned major milestones and test and evaluation events, such as Developmental Test and Evaluation, Operational Test and Evaluation, LRIP approval, etc. For non-acquisition programs, meaningful data should be provided. [Note: beginning with FY 05, this Schedule Profile will be deleted and more detailed schedule information included on the R-4 and R-4a forms.]

B. Common Errors

- a. 1. Program Element number, title, and project number are inconsistent with information on the R-1.
2. Math errors or other funding inconsistencies within a form. Also, funding *must* be consistent between the R-1, R-2, R-2a, and R-3. Check this!
3. Less than three activities listed for each justification narrative. Insufficient justification endangers program funding.
4. Changes in program funding or effort since the last President's Budget not explained.
5. Mission description or justification inconsistent with recent changes to the program.

C. Items To Check For Program Review

1. Mission description and justification must be easily understood by someone unfamiliar with the program or project. Misunderstandings can lead to loss of funding. Clearly explain the operational requirement the effort fulfills.
2. Make sure the description is updated to reflect recent events. Reviewers read the Early Bird and keep up with programmatic events.
3. Description should be in sufficient detail to justify the budgeted amount.
4. An apparent decrease in effort in the justification without a corresponding decrease in funding will draw attention and should be explained.

5. Beware of “soft requirement” activity descriptions, such as “ECO Risk.” Reviewers may view this as poorly hidden management reserve and reduce the funding.

6. Explain program changes. If a change is comprised of more than one action, address all actions so readers can reconcile the amounts. Failure to adequately explain changes will result in questions from the reviewer and may result in funding reductions.

A sample R-2 is provided in Appendix H, and a sample R-2a is provided in Appendix I.

R-3 RDT&E PROGRAM ELEMENT / PROJECT COST BREAKDOWN

A. Purpose

This exhibit provides detailed cost/schedule/program information at the project level. Specific information includes:

- A section which breaks down project costs at the WBS element level.
- A section which provides detailed:
 - Budget acquisition, history and planning information.
 - Contractor and contract type information.
 - Budget to completion data. Some Components require separate columns for Contractor and Project Office Estimates at Completion (EAC). DoD 7000.14-R requires a comment whenever Project Office EAC differs from the total cost or whenever the Contractor and Project Office EACs differ.
 - Project funding profiles.

B. Submission Requirements

The R-3 series exhibits are required only for projects in Research, Development, Test, and Evaluation (RDT&E) appropriation Budget Activities 4, 5, and 7 with funding greater than \$1 million in BY1 or BY2. A separate R-3 exhibit shall be prepared for each project in an applicable R-1 program element.

C. Items To Check For Program Review

1. Numbers must add up and funding must be consistent with the R-1 and R-2.
2. To complete numbers are carefully scrutinized. Make sure numbers are consistent with information in other submissions to OSD and Congress. If both the contractor and Project Office EACs are higher than the budget to complete, expect some questions.
3. Review contract information for inconsistencies between contract type/method and your funding profile.

A sample R-3 is provided in Appendix J.

OPERATION AND MAINTENANCE (O&M) EXHIBITS

In addition to Procurement and RDT&E exhibits, a number of other exhibits are required for inclusion in budget submissions to the Office of the Secretary of Defense (OSD) and to Congress (President's Budget). O&M exhibits, or O-Forms, provide back-up budget justification information, many for areas of special interest to OSD and/or Congress. O-Forms are prepared centrally at the Component headquarters level based on information provided by subordinate commands. Subordinate commands may be asked to provide additional information when required by their Component. O-Forms provide budget data similar to that provided by P-Forms and R-Forms for areas such as civilian personnel, training, fuel and energy consumption, communications, and depot maintenance. O-Forms generally of concern to the acquisition community are the O-1, O&M Funding by Budget Activity/Activity Group/Subactivity Group; OP-5, Detail by Subactivity Group; OP-8, Civilian Personnel Costs; OP-14, Individual Training Data; and OP-30 Depot Maintenance Program. Similarly to P-Forms and R-Forms, O&M exhibits that are ambiguous, erroneous, or inconsistent may contribute to programmatic decisions made in error.

Instructions on completing the various O-Forms are provided in the DoD FMR, Volume 2A, Chapter 3. These instructions are also available from the version of the FMR available on the World Wide Web at <http://www.dtic.mil/comptroller/fmr>.

SUMMARY

Budget exhibits are among the most important documents prepared in support of acquisition programs. Component Headquarters, OSD, and OMB analysts as well as congressional staffers, use budget exhibits as their primary source of information about a program during the budgeting phase of PPBS and the congressional budget enactment process. Well-prepared budget exhibits provide easily defensible rationale for the amount and timing of funding requests. Poorly-prepared budget exhibits may make a program a target for budget adjustments. P-Forms, including the P-40, P-5, P-5a, P-21, and P-3a provide justification for procurement appropriation requests. R-forms, including the R-2, R-2a, and R-3 provide justification for RDT&E appropriation requests, while O-forms provide justification for O&M appropriation requests.

BUDGET SCRUB QUESTIONS OFTEN ASKED BY BUDGET ANALYSTS

1. Identify the documented basis of the requirements document. If the requirements document has not been approved the program need will be questioned.
2. Does the Biennial Budget Year buy when added to current and prior year buys exceed the approved program amount? Quantities and associated dollars that exceed the approved amount may be deleted from the program.
3. Is the item budgeted to the most likely cost? Excess cost will be questioned.
4. Is the current year program being executed on schedule? If the program is slipping the current year or budget year dollars may be reduced.
5. What is the basis of estimate for all elements of cost? Logical cost estimates with specific tasks must be identified upon request in order to support your budget request.
6. Identify all non-recurring costs.
7. Explain how program pricing was estimated (learning curve, prior year actual cost, etc.). If the pricing appears high, be prepared to explain the estimating method.
8. Are there any Economic Price Adjustment contingency funding in the budget? EPA contingencies will be deleted from the budget.
9. What is the negotiated price and delivery schedule of the most recent contract. Check budget year pricing against prior year pricing and be prepared to fully explain fluctuations.
10. Were Foreign Military Sales (FMS) and other Component(s) quantities included in your pricing estimates? Generally unit cost will drop with increased quantities.
11. Are the RDT&E funding profile and milestones phased to minimize concurrency between RDT&E efforts, including testing, and production contracting? Funding for production may be deferred if concurrency is perceived as excessive.
12. Question funded delivery period that exceeds 12 months or overlaps into the next year's buy. Without a satisfactory explanation, quantities and associated funds may be deleted from the program.
13. Question modification equipment that is on the shelf more than 3 months. Excesses should be deleted and funded with the following year appropriation.
14. Question planned 4th quarter awards. Defer program and fund with next year's dollars where practical.
15. Question support item quantities if one of the major systems the item supports is deleted from the program.
16. Is the production build-up too rapid? Question system full rate production prior to first article test. Explain the limiting factors in production ramp such as lead-time for production tooling/equipment, test equipment, raw materials and training of additional production personnel.
17. Ask if the funding request complies with the full funding policy.

Appendix A

18. Does LRIP exceed ten percent of the total production quantity? Title 10 of the US Code, Section 2400 states that LRIP may not exceed ten percent.
19. Are modification installations funded in the year the kits will actually be installed?
Installation funding incorrectly budgeted in the year of modification kit purchase will be removed by budget analysts. They may or may not realign the funding to the year the kits will actually be installed.

TERMS AND DEFINITIONS

| | |
|--------------|---|
| ALT | <u>Administrative Lead-time</u> is the period of time between the start of contracting efforts (procurement request release) and contract award. |
| AO | The <u>Acquisition Objective</u> is the authorized quantity of an item to be procured during peacetime to sustain the Components and selected allied forces in wartime from D-Day through a period prescribed by OSD. |
| BLI | <u>Budget Line Item.</u> |
| BLIN | <u>Budget Line Item Number.</u> program specific identifier as specified by Component on P-1 and R-1 submissions. BLIN will likely change with each FY Budget Submission. |
| BY | <u>Budget Year</u> , immediately follows the current fiscal year |
| CY | <u>Current Year</u> is the fiscal year in which current operations are taking place |
| DT&E | <u>Developmental Test and Evaluation</u> is a series of tests to demonstrate that the engineering design and specifications are met and the developmental process is complete |
| ECON | <u>Economical Production Rate</u> is the most efficient monthly rate of production that can be sustained by a manufacturer on a single shift of eight hours a day, five days a week. |
| FDP | <u>Funded Delivery Period</u> is the time-lapse, in months, from acceptance of first delivery to acceptance of last delivery for a specific fiscal year's funding. |
| FYDP | <u>Future Years Defense Program</u> is a computer listing of procurement programs by quantity and dollar value for the CY, and Biennial Budget Years plus four years |
| Group A Kits | <u>Modification installation kits</u> – the provisions (cables, brackets, interface devices) necessary to prepare the weapon system to accept modification equipment. |
| Group B Kits | <u>Modification equipment kits</u> – the actual equipment (radar, electronic countermeasures, engine, etc.) to be installed on the weapon system. |
| Input | <u>Input</u> is the start date of a modification to a specific aircraft or end item. |

| | |
|-----------------------|---|
| IOT&E | <u>Initial Operation Test and Evaluation</u> is a series of tests to validate the expected performance of a new system prior to a commitment for production. Required per DOD policy. |
| LRIP | <u>Low Rate Initial Production</u> is a low rate of production at the beginning of the production effort to reduce the government's exposure to large retrofit costs while still providing the item for final developmental testing and fielding. |
| MAX | <u>Maximum Production Rate</u> is the maximum capacity rate that a contractor can produce with extant or PY planned tooling. Indicate the number of shifts. |
| MSR | <u>Minimum Sustaining Rate</u> is the minimum monthly rate at which a contractor will agree to produce an item. This is the rate necessary to keep production lines open, precluding start-up costs for an increase in rate. |
| OT&E | <u>Operational Test and Evaluation</u> is a series of tests conducted to estimate the prospective system's military utility, operational effectiveness and operational suitability. |
| Output | <u>Output</u> is the completion date of a modification to a specific aircraft or end item. |
| POM/BES | <u>Program Objective Memorandum/Budget Estimate Submission</u> is the Component's six year program which is updated and submitted to OSD annually for approval. |
| Procurement Lead-time | <u>Procurement Lead-time</u> is the time interval, in months, between start of contract action and first delivery. It is composed of Administrative Lead-time (post 1 October) plus Production Lead-time. |
| PLT | <u>Production Lead-time</u> is the period of time required by a contractor to produce an item once a contract is awarded. |
| SSN | <u>Standard Study Number</u> is an alphanumeric identification assigned to a particular procurement program. |

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| EXHIBIT P - 40, BUDGET ITEM JUSTIFICATION | | | | | | | | | |
| APPROPRIATION / BUDGET ACTIVITY | | | | | | | | | |
| 2 | | | | | | | | | |
| PROGRAM ELEMENT FOR CODE B ITEMS | | | | | | | | | |
| 4 | | | | | | | | | |
| FY (CY) | | | | | | | | | |
| FY (PY) | | | | | | | | | |
| FY (BY1) | | | | | | | | | |
| FY (BY2) | | | | | | | | | |
| FY (BY2+1) | | | | | | | | | |
| FY (BY2+2) | | | | | | | | | |
| TOTAL PROGRAM COSTS | | | | | | | | | |
| EIGHT YEARS OF BY FISCAL YEAR FUNDING & + PRIOR YEARS, TO COMPLETE & TOTAL PRO | | | | | | | | | |
| 7 | | | | | | | | | |
| DESCRIPTION: NATURE, PURPOSE & INTENDED USE | | | | | | | | | |
| 8 | | | | | | | | | |
| JUSTIFICATION: BUDGET YEARS & IMPACT IF NOT PROCURED | | | | | | | | | |
| 9 | | | | | | | | | |
| COOPERATIVE AGREEMENT NARRATIVE (IF APPLICABLE) | | | | | | | | | |
| 10 | | | | | | | | | |
| P - 1 Shopping List | | | | | | | | | |
| Item No. of | | | | | | | | | |
| 11 | | | | | | | | | |
| Page of | | | | | | | | | |

| EXHIBIT P-3a, INDIVIDUAL MODIFICATION | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-------------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|-------------|---------------------------------------|-------|----|---------------|--|
| MODIFICATION TITLE: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MODELS OF SYSTEMS AFFECTED: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DESCRIPTION / JUSTIFICATION: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DEVELOPMENT STATUS / MAJOR MILESTONES: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FINANCIAL PLAN: (TOA, \$ in Millions) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Prior Years | | FY 1999 | | FY 2000 | | FY 2001 | | FY 2002 | | FY 2003 | | FY 2004 | | FY 2005 | | FY 2006 | | FY 2007 | | To Complete | | Total | | | |
| | Qty | \$ | Qty | \$ | Qty | \$ | Qty | \$ | Qty | \$ | Qty | \$ | Qty | \$ | Qty | \$ | Qty | \$ | Qty | \$ | Qty | \$ | Qty | \$ | | |
| RD&E | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PROCUREMENT | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Installation Kits | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kit | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Installation Kits N/R | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Installation Equipment | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Installation Equip N/R | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Engineering Change Orders | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Data | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Training Equipment | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Support Equipment | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ILS | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Support | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interim Contractor Support | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Installation Cost | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Procurement | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| P-1 Shopping List Item No. | | | | | | | | | | | | | | | | | | | | | | EXHIBIT P-3a, INDIVIDUAL MODIFICATION | | | Page of pages | |

EXHIBIT P-3a, INDIVIDUAL MODIFICATION (Continued)

| | | | | | | | | | | | | | |
|-----------------------------|---------|---------|---------|---------|---------|----------------|---------------------------|----------------|----------------|-------------|--------|---|-------------------------|
| MODELS OF SYSTEMS AFFECTED: | | | | | | | MODIFICATION TITLE: | | | | | | |
| INSTALLATION INFORMATION: | | | | | | | METHOD OF IMPLEMENTATION: | | | | | | 7 |
| ADMINISTRATIVE LEADTIME: | | | | | | Months | PRODUCTION LEADTIME: | | | | | | Months |
| CONTRACT DATES: | | | | | | FY 2000: _____ | FY 2001: _____ | FY 2002: _____ | FY 2003: _____ | | | | 8 |
| DELIVERY DATES: | | | | | | FY 2000: _____ | FY 2001: _____ | FY 2002: _____ | FY 2003: _____ | | | | 9 |
| COST: | | | | | | | | | | | | | |
| Prior Years | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 | To Complete | Total | | |
| Qty \$ | Qty \$ | Qty \$ | Qty \$ | Qty \$ | Qty \$ | Qty \$ | Qty \$ | Qty \$ | Qty \$ | Qty \$ | Qty \$ | | |
| FY 1998 and PY (#) kits | | | | | | | | | | | | | |
| FY 1999 (#) kits | | | | | | | | | | | | | |
| FY 2000 (#) kits | | | | | | | | | | | | | |
| FY 2001 (#) kits | | | | | | | | | | | | | |
| FY 2002 (#) kits | | | | | | | | | | | | | |
| FY 2003 (#) kits | | | | | | | | | | | | | |
| FY 2004 (#) kits | | | | | | | | | | | | | |
| FY 2005 (#) kits | | | | | | | | | | | | | |
| FY 2006 (#) kits | | | | | | | | | | | | | |
| FY 2007 (#) kits | | | | | | | | | | | | | |
| To Complete (#) kits | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | |
| INSTALLATION SCHEDULE: | | | | | | | | | | | | | |
| Prior Years | FY 1999 | | | FY 2000 | | | FY 2001 | | | FY 2002 | | | FY 2003 |
| | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | |
| Input | | | | | | | | | | | | | |
| Output | | | | | | | | | | | | | |
| FY 2004 | | | | | | | | | | | | | |
| | FY 2005 | | | FY 2006 | | | FY 2007 | | | | | | |
| 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | | |
| Input | | | | | | | | | | | | | |
| Output | | | | | | | | | | | | | |
| P-1 Shopping List Item No. | | | | | | | | | | | | | Page of pages |

| Exhibit P-5 Cost Analysis | | | | Weapon System | | Date: |
|---|--|----------------|-------|---------------------------------------|---------------|--------------|
| Appropriation/Budget Activity/Item Number | | (2) | | ID Code | P-1 Line Item | Nomenclature |
| WBS Cost Elements | | PYs Total Cost | FY -- | Unit Cost | FY -- | Unit Cost |
| Quantity | | | | | | |
| MISSILE HARDWARE-RECURRING | | | | | | |
| AIRFRAME | | | | | | |
| PROPULSION | | | | | | |
| GFE | | | | | | |
| GUIDANCE & CONTROL | | | | | | |
| WARHEAD | | | | | | |
| ENGINEERING CHANGE ORDERS | | | | | | |
| GOVERNMENT COSTS | | | | | | |
| INTEGRAT. & ASSEMBLY (Warhead, etc.) | | | | | | |
| ACCEPTANCE TEST PROGRAM | | | | | | |
| OTHER (specify) | | | | | | |
| SUBTOTAL FLYAWAY (5) | | | | | | |
| NONRECURRING & ANCILLARY EQUIPMENT | | | | | | |
| TOOLING AND TEST EQUIPMENT | | | | | | |
| MISSILE ANCILLARY HARDWARE | | | | | | |
| SUBTOTAL NONRECURRING (6) | | | | | | |
| Total FLYAWAY COST | | | 7 | P-5 FLYAWAY (PROCUREMENT ONLY) | | |
| GROUND SUPPORT EQUIPMENT | | | | | | |
| LAUNCHER | | | | | | |
| LAUNCH CONTROL CENTER | | | | | | |
| ENGINEERING CHANGE ORDERS | | | | | | |
| OTHER COSTS | | | | | | |
| PECULIAR SUPPORT EQUIPMENT | | | | | | |
| TRAINING EQUIPMENT | | | | | | |
| PUBLICATION & TECHNICAL DATA | | | | | | |
| ENGINEERING CHANGE ORDERS | | | | | | |
| SUBTOTAL SUPPORT COSTS (8) | | | | | | |
| Gross P-1 END ITEM COST | | | 9 | WEAPON SYSTEM | | |
| Less PY Advanced Procurement | | | 10 | | | |
| Net P-1 FULL FUNDING COST | | | 11 | P-40 COST FOR WEAPON SYSTEM | | |
| (Must equal FY amount on the P-40) | | | | | | |
| Plus CY Advance Procurement | | | 12 | SEPARATE P-40 FOR ADVANCE PROCUREMENT | | |
| Other Non P-1 Costs | | | | | | |
| Spares (Initial & WRSK) | | | 13 | | | |

| | | | | | | | | | |
|---|--|---------------|-----------|----------------------------|----------------|------------------------|-------------------------|------------|------------------------|
| EXHIBIT P - 5a, PROCUREMENT HISTORY & PLANNING | | | | | Weapon System | | DATE: 1 | | |
| APPROPRIATION / BUDGET ACTIVITY / ITEM NUMBER | | 2 | | P-1 LINE ITEM NOMENCLATURE | | 3 | | | |
| WBS COST ELEMENTS | | Qty | Unit Cost | Location of PCO | RFP Issue Date | Contract Method & Type | Contractor and Location | Award Date | Date of First Delivery |
| 4 | | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 11 |
| REMARKS | | 13 | | | | | | | |
| P-1 Shopping List Item No. _____ of _____ | | Page of Pages | | Exhibit P-5a, Procurement | | | | | |

| Exhibit P-21, Production Schedule | | | | | | | | | | | | | | | Date: | 1 |
|---|----------------------------------|-----------------|------|-----|-----------------------|-----------------|-----------------|-----------------|----|-----------------------------------|--|--|---|--|----------------------------|---|
| Appropriation (Treasury) Code/CC/BA/BSA/Item Control No | | | | | | | | | | Weapon System | | | 2 | | P-1 Line Item Nomenclature | |
| Item | Manufacturer's Name and Location | Production Rate | | | Procurement Leadtimes | | | Reorder Mfg PLT | T | | | | | | | |
| | | MSR | ECON | MAX | ALT Prior to Oct 1 | ALT After Oct 1 | Initial Mfg PLT | | | | | | | | | |
| 3 | 3 | 4 | 5 | | | | | | | | | | | | | |
| 7 | 8 9 10 11 12 | | | | | | | | | | | | | | | |
| ITEM | F Y | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Airframe | 98 A | | | | | | | | | | | | | | | |
| Airframe | 99 AF | | | | | | | | | | | | | | | |
| Airframe | 00 N | | | | | | | | | | | | | | | |
| Airframe | 01 FMS | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| ITEM | F Y | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Airframe | 01 N | | | | | | | | | | | | | | | |
| Airframe | 02 FMS | | | | | | | | | | | | | | | |
| Airframe | 02 N | | | | | | | | | | | | | | | |
| Airframe | 03 O | | | | | | | | | | | | | | | |
| Remarks: Include notes here explaining "Other" quantity in 03 and any other unusual entries or changes from the previous submission (or previous President's Budget when submitting to Congress.) | | | | | | | | | | 15 | | | | | | |
| P-1 Shopping List Item No. | | | | | | | | | | Exhibit P-21, Production Schedule | | | | | | |
| Page ____ of ____ Pages | | | | | | | | | | | | | | | | |

| Exhibit R-2, RDT&E Budget Item Justification | | | | | | | | | | Date: Month/Year | |
|---|--------------|---------|---------|---------|---------|---------|---------|---------|----------------------|--|--|
| APPROPRIATION/BUDGET ACTIVITY | | | | | | | | | | R-1 ITEM NOMENCLATURE | |
| Must be consistent with DoD 7000.14R Budget Activities (not updated) | | | | | | | | | | Program Element (PE) number and title | |
| COST (\$ in Millions) | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 | To Complete | Total Cost | |
| Total PE Cost | PY | CY | BY1 | BY2 | BY2+1 | BY2+2 | BY2+3 | BY2+4 | Can use "Continuing" | | |
| Project A Name/No. & subtotal cost | | | | | | | | | | | |
| Project B Name/No. & subtotal cost | | | | | | | | | | | |
| Project C Name/No. & subtotal cost | | | | | | | | | | | |
| Quantity of RDT&E Articles | No. of items | | | | | | | | | | |
| A. Mission Description and Budget Item Justification | | | | | | | | | | | |
| > Provide a description of the program and narrative justification. | | | | | | | | | | | |
| > Identify the military requirement(s) that this program is being designed to meet. | | | | | | | | | | | |
| > Identify new start efforts. Also identify new start efforts since the previous President's Budget. | | | | | | | | | | | |
| > Provide a narrative or a bulletized list of efforts for PY, CY, BY1 & BY2. Describe at least three activities with associated funding for each FY. | | | | | | | | | | | |
| B. Program Change Summary | | | | | | | | | | | |
| > Show total funding, schedule, and technical changes for the PE that have occurred since the last President's Budget | | | | | | | | | | | |
| C. Other Program Funding Summary | | | | | | | | | | | |
| Appn/BAPE or Line Item # & Title | PY | CY | BY1 | BY2 | BY2+1 | BY2+2 | BY2+3 | BY2+4 | To Complete | Total Cost | |
| > Provide related Procurement and Milcon Line Item or Project Number, Name, and funding detail (PY, CY, BY1 thru BY2+4, To Complete, and Total Cost). Use continuation pages as necessary. | | | | | | | | | | | |
| > Provide related RDT&E PE numbers and names. Related RDT&E funding profile is not required unless there is a dependency. | | | | | | | | | | | |
| D. Acquisition Strategy | | | | | | | | | | | |
| > Not required for Budget Activities 1, 2, 3, and 6. | | | | | | | | | | | |
| E. Schedule Profile | | | | | | | | | | | |
| > Include the program milestone chart that reflects Engineering Milestones, T&E milestones, and other program events for all years of the program, not just through BY2. | | | | | | | | | | | |
| > Not required for Budget Activities 1, 2, 3, and 6. | | | | | | | | | | | |
| NOTE: If an Exhibit R-2a is required, complete only sections A and B (summarize for the program element.) With the exception of the program change summary, all sections are required on the R-2a for each project. | | | | | | | | | | | |
| R-1 Shopping List - Item ____ of ____ | | | | | | | | | | Exhibit R-2, RDT&E Budget Item Justification | |
| | | | | | | | | | | (Page _____ of _____) | |

| Exhibit R-2a, RDT&E Project Justification | | | | | | | | | | Date: Month/Year | |
|--|--------------|---------|---------|---------|---------|---------|---------|---------|-------------|--|--|
| APPROPRIATION/BUDGET ACTIVITY | | | | | | | | | | R-1 ITEM NOMENCLATURE | |
| Must be consistent with DoD 7000.14R Budget Activities (not updated) | | | | | | | | | | Program Element (PE) number and title | |
| COST (\$ in Millions) | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 | To Complete | Total Cost | |
| Project Cost | PY | CY | BY1 | BY2 | BY2+1 | BY2+2 | BY2+3 | BY2+4 | | | |
| Quantity of RDT&E Articles | No. of Items | | | | | | | | | | |
| A. Mission Description and Budget Item Justification | | | | | | | | | | | |
| > Provide a description of the program and narrative justification. | | | | | | | | | | | |
| > Identify the military requirement(s) that this program is being designed to meet. | | | | | | | | | | | |
| > Identify new start efforts. Also identify new start efforts since the previous President's Budget. | | | | | | | | | | | |
| > Provide a narrative or a bulletized list of efforts for PY, CY, BY1 & BY2. Describe at least three activities with associated funding for each FY. | | | | | | | | | | | |
| B. Other Program Funding Summary | | | | | | | | | | | |
| Appn/BAPE or Line Item # & Title | PY | CY | BY1 | BY2 | BY2+1 | BY2+2 | BY2+3 | BY2+4 | To Complete | Total Cost | |
| > Provide related Procurement and Milcon Line Item or Project Number, Name, and funding detail (PY, CY, BY1 thru BY2+4, To Complete, and Total Cost). Use continuation pages as necessary. | | | | | | | | | | | |
| > Provide related RDT&E PE numbers and names. Related RDT&E funding profile is not required unless there is a dependency. | | | | | | | | | | | |
| C. Acquisition Strategy | | | | | | | | | | | |
| D. Schedule Profile | | | | | | | | | | | |
| > Include the program milestone chart that reflects Engineering Milestones, T&E milestones, and other program events for all years of the program, not just through BY2. | | | | | | | | | | | |
| NOTE: An exhibit R-2a is not required for Budget Activities 1, 2, 3, and 6. | | | | | | | | | | | |
| R-1 Shopping List - Item ____ of ____ | | | | | | | | | | Exhibit R-2a, RDT&E Project Justification (Page ____ of ____) | |

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